

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: HYDROCARB ENERGY CORPORATION, GALVESTON BAY ENERGY, LLC, <p style="text-align: center;">DEBTORS.</p>	§ § § § § § § § § § §	Case No. 16-31922 (Chapter 7) Case No. 16-31923 (Chapter 7) Jointly Administered Under Case No. 16-31922
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**Application by Rodney Tow, Trustee
for Cooper & Scully, P.C.
to Act as General Counsel for the Estate;
Declaration and Order Thereon**

This motion seeks an order that may adversely affect you. If you oppose the motion, you should immediately contact the moving party to resolve the dispute. If you and the moving party cannot agree, you must file a response and send a copy to the moving party. You must file and serve your response within 21 days of the date this was served on you. Your response must state why the motion should not be granted. If you do not file a timely response, the relief may be granted without further notice to you. If you oppose the motion and have not reached an agreement, you must attend the hearing. Unless the parties agree otherwise, the court may consider evidence at the hearing and may decide the motion at the hearing.

Represented parties should act through their attorney.

SUMMARY OF PROPOSED EMPLOYMENT APPLICATION

Name of Trustee:	Rodney D. Tow
Name of Professional to be Employed:	Cooper & Scully, P.C.
Reason that Employment of Professional is Needed:	This is an asset case with an oil and gas business to operate and eventually sell.

Compensation Arrangement	The Trustee seeks to compensate Cooper & Scully, P.C. on an hourly basis at \$300.00 - 425.00 per hour for professionals and \$80.00 - \$100.00 per hour for paralegals
Reason the Trustee selected the Professional:	Cooper & Scully, P.C. has represented the Trustee on Chapter 7 cases involving operating a business, selling a business, and investigating Chapter 7 causes of action.
Why employment is in the best interest of the estate (if Trustee's own firm):	Not applicable.

TO THE HONORABLE DAVID JONES, UNITED STATES BANKRUPTCY JUDGE:

Rodney Tow, Trustee, files this Application seeking leave pursuant to 11 U.S.C. §327(a) and §328 to employ Cooper & Scully, P.C. as general counsel for the estate in this Chapter 7 proceeding, and in support thereof would show the Court as follows:

1. On April 13, 2016, Hydrocarb Energy Corporation filed a Voluntary Petition under Chapter 11 of the Bankruptcy Code.
2. Also on April 13, 2016, Galveston Bay Energy, LLC filed a Voluntary Petition under Chapter 11 of the Bankruptcy Code.
3. On April 15, 2016, this Court entered an Order for Joint Administration at Docket No. 13, thereby jointly administering the two cases under Hydrocarb Energy Corporation.
4. On May 11, 2016, this Court entered an Order Converting the Cases to Chapter 7.
5. Rodney Tow was duly appointed the Chapter 7 Trustee, qualified, and continues to act in that capacity.
6. The Trustee seeks this Court's permission to hire outside counsel, Cooper & Scully, P.C., to act as general counsel to file motions such as applications to employ professionals,

emergency motions to operate the Debtors' business, motions to sell assets, motions to employ auctioneers, objections to proofs of claims, investigate potential director's and officer's liabilities, and investigate and possibly litigate Chapter 5 causes of action. When necessary the Trustee hires Special Counsel to handle complex litigation.

7. The Trustee believes that it is in the best interest of this estate and its economical administration that Cooper & Scully, P.C., be authorized to act as general counsel for the estate. The attorney in charge of the matters listed below will be Julie M. Koenig. However, pursuant to Rule 2014(b) of the Federal Rules of Bankruptcy Procedure, any shareholder or associate of the firm may act as an attorney in this matter.
8. Factors for the retention of the Trustee's law firm:
 - a. The qualifications of the members of the firm compared to the complexity of the case:
 - i. Qualifications of members of the firm—
 - (1) Julie M. Koenig—Ms. Koenig was licensed in 1988. She has practiced exclusively bankruptcy law. Her bankruptcy experience is extensive in Chapter 11 and Chapter 7 work. In her career, she has represented debtors, creditors and trustees. Ms. Koenig has substantial litigation experience in the bankruptcy courts.
 - ii. Comparison to the Complexity of the Case—These jointly administered cases are operating business Chapter 7 bankruptcies. The Trustee anticipates that most of the work for his general counsel will be related to routine motions such as responding to motions for relief from stay, filing emergency motions

to operate the Debtors' business, filing applications to employ, filing motions to sell assets, filing objections to proofs of claim, investigating potential director's and officer's liabilities, investigating and possibly litigating Chapter 5 causes of action, and filing motions to compromise controversies. These are precisely the matters that the Cooper & Scully, P.C. law firm is prepared to handle. Each matter is grounded in well settled bankruptcy law and the motions and litigation required will be typical of that in most "asset" bankruptcy cases.

iii. Although Ms. Koenig is capable of handling complex matters, if complex litigation arises in this case the Trustee will seek to employ Special Counsel. However, the Trustee may seek to hire the litigation team at Cooper & Scully as his Special Counsel.

b. Whether the firm is regularly hired by others to handle similar litigation: This firm is frequently hired to represent debtors and the Trustee in a variety of bankruptcy matters, including the matters important to this bankruptcy case. The firm has frequently filed motions to operate a business, cash collateral motions, objections to motions for relief from stay, objections to claims, motions to sell, and handled the myriad of legal matters associated with bankruptcy. The firm has represented other trustees but does not actively pursue work from other trustees.

c. The legal work anticipated in this case is commonly handled by Ms. Koenig, thus, this firm has particular expertise that allows it to effectively perform routine legal work on behalf of the estate.

- d. The time commitment required in this case is consistent with the size of this firm and is precisely balanced with the firm's time commitments. The Trustee expects that some legal work will be required in this case since there are substantial assets to be sold by the Estate.
 - e. Other firms are qualified to handle this case.
 - f. This firm charges in the mid range of legal fees charging \$300.00 to \$425.00 per hour. It is anticipated that Ms. Koenig will handle the majority of the general counsel matters for the Estate. Most firms with the expertise of Ms. Koenig will charge fees over \$475.00 per hour.
 - g. Cooper & Scully, P.C. is specifically designed to handle the legal matters presented in this case in an efficient and effective manner resulting in savings to the estate in time and costs.
9. To the best of Trustee's knowledge, and in compliance with Bankruptcy Rule 2014, Cooper & Scully, P.C. does not have any connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee. Lauren Tow is the daughter of the Trustee and is working as an associate attorney with Cooper & Scully, P.C. in their Dallas office. Julie M. Koenig is the Trustee's former law partner. Although the Trustee and Ms. Koenig no longer practice law together, they still retain an ownership interest in TK, PLLC formerly Tow & Koenig, PLLC to complete the wind down of the company and to collect the remaining receivables, pay expenses and disburse any residual funds. The official cutoff date was September 30, 2014. Other than the assets remaining to be collected in TK, PLLC,

and bills to be paid, Tow and Koenig have no other business connections. Neither Tow nor Koenig will profit or participate in the other's revenues earned on or after October 1, 2014. As of December 1, 2014, Ms. Koenig is a senior attorney in Cooper & Scully.

10. Cooper & Scully, P.C. has agreed to accept payment of professional fees and reimbursement of expenses pursuant to the requirements of Sections 330 and 331 of the Bankruptcy Code and B.R. 2014 and 2016 as priority cost of administration of the bankruptcy estate. As set forth in the accompanying affidavit, there has been no prohibited agreement with respect to a division of fees. Further, the Trustee believes that Cooper & Scully, P.C. represents no interest or claim adverse to the estate in this matter. There has been no agreement with the Debtor or any creditor or attorney for either or for any other party for the purpose of fixing fees to be awarded from the estate in connection with this case; and that no agreement for the sharing of fees which may be ultimately awarded to the attorney for the Trustee exists.
11. It is necessary to hire legal counsel for the following reasons:
 - a. Obtain approval for sale of assets of the estate;
 - b. File an Emergency Motion to operate the Debtors' business;
 - c. File Applications to employ professionals;
 - d. Investigate potential director's and officer's liabilities;
 - e. File objections to claims, if necessary;
 - f. Investigate and file Chapter 5 causes of action;
 - g. File motions to compromise controversies; if necessary, and,
 - h. Handle miscellaneous legal matters associated with the estate.

12. The normal hourly billing rate for Julie Koenig is \$425.00 per hour which will not increase during this proceeding. Cooper & Scully, P.C. may utilize other attorneys in the firm whose billing rates are \$350.00 to \$425.00 per hour. However, it is anticipated that Ms. Koenig will perform most of the necessary general counsel legal work on this case. Chris Lindstrom will investigate the potential director's and officer's liabilities. Mr. Lindstrom's billing rate is \$400.00. Paralegal time is billed at \$80.00 - \$100.00 per hour for paralegal work performed. No fee is charged for secretarial time. Cooper & Scully, P.C. will seek compensation based upon normal and usual hourly billing rates. It is further contemplated that said law firm will seek interim compensation as permitted by 11 U.S.C. §331. Expenses will be billed to the estate.

Based on the foregoing, Rodney Tow, Trustee, requests that the law firm of Cooper & Scully, PC, Julie M. Koenig as attorney in charge, be authorized to act as attorney for the estate with compensation for such legal services as an administrative expense in such amounts as this Court may hereafter determine and allow.

SIGNED on this the 18th day of May, 2016.

Respectfully Submitted:

/s/ Rodney Tow
Rodney Tow
Tex. Bar No. 20152500
Fed Id# 3196
Rodney Tow, PLLC
2211 Rayford Rd., Ste. 111-238
Spring, Texas 77386
(281) 429-8300 Office
rtow@rtowtrustee.com

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served on all of the parties on the attached service list via either ECF Notification or by first class mail, proper postage affixed, on the 18th day of May, 2016.

/s/ Julie M. Koenig
Julie M. Koenig

DECLARATION OF JULIE M. KOENIG

I, Julie M. Koenig, declare:

1. I am a senior attorney in the firm Cooper & Scully, P.C.
2. I am an attorney at law duly admitted to practice before this Court and other necessary state and federal courts in this jurisdiction.
3. To the best of my knowledge, information and belief, this law firm and Cooper & Scully, P.C., their members and associates, are a disinterested person within the meaning of 11 U.S.C. Section 101(14) and are eligible to serve as counsel for the estate pursuant to the provisions of 11 U.S.C. Section 327(a). This firm represents no interest adverse to the estate in the matters upon which they are to be engaged, and they have no connections with any creditors or their respective attorneys or accountants. Lauren Tow is the daughter of the Trustee and is working as an associate attorney with Cooper & Scully, P.C. in their Dallas office. Julie M. Koenig is the Trustee's former law partner. Although the Trustee and Ms. Koenig no longer practice law together, they still retain an ownership interest in TK, PLLC formerly Tow & Koenig, PLLC to complete the wind down of the company and to collect the remaining receivables, pay expenses and disburse any residual funds. The official cutoff date was September 30, 2014. Other than the assets remaining to be collected in TK, PLLC, and bills to be paid, Tow and Koenig have no other business connections. Neither Tow nor Koenig will profit or participate in the other's revenues earned on or after October 1, 2014. As of December 1, 2014, Ms. Koenig is a senior attorney in Cooper & Scully.
4. Neither I nor the firm has any connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States Trustee or any person employed in the office of the United States Trustee.
5. I further state that I have not served as examiner in the case and have not been employed by or connected with any person having an interest adverse to the Debtor or to any of the general creditors of the said estate.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 18th day of May, 2016.

/s/ Julie M. Koenig
Julie M. Koenig

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority on this the 18th day of May, 2016.

/s/ Charlene Stone
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

My Commission Expires: 11/12/17

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

<p>In re:</p> <p>HYDROCARB ENERGY CORP., et al,</p> <p>Debtors.¹</p>	<p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p>	<p>Case No. 16-31922</p> <p>Chapter 11</p> <p>Jointly Administered</p>
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SERVICE LIST
(As of May 2, 2016)

GROUP DEBTORS AND DEBTORS' COUNSEL

<p>Hydrocarb Energy Corp. c/o Kent Watts 800 Gessner, Suite 375 Houston, TX 77024 <i>Via email:</i> kwatts@hydrocarb.com</p>	<p>Christopher Adams David Curry John Thomas Oldham Okin & Adams LLP 1113 Vine Street #201 Houston, Texas 77002 <i>Via email:</i> cadams@okinadams.com dcurry@okinadams.com joldham@okinadams.com</p>
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GROUP: GOVERNMENT AGENCIES

<p>Hector Duran, Jr. Office of the U.S. Trustee 515 Rusk Street, Suite 3516 Houston, Texas 77002 <i>Via email:</i> hector.duran.jr@usdoj.gov</p>	<p>Internal Revenue Service P.O. Box 7346 Philadelphia, PA 19101-7346</p>	<p>Securities and Exchange Commission 100 F Street, NE Washington, D.C. 20549</p>
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<p>John Casey Roy Office of the Attorney General P.O. Box 12548, MC-008 Austin, TX 78711-2548 512-475-4555 512-483-8341 (fax) casey.roy@texasattorneygeneral.gov</p>	<p>Texas General Land Office c/o Office of the Attorney General Bankruptcy & Collections Division P. O. Box 12548 MC-008 Austin, TX 78711-2548</p>
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GROUP: SECURED CREDITORS

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Hydrocarb Energy Corp. (0930); Galveston Bay Energy, LLC (0569).

Shadow Tree Capital
Management, LLC
7 Renaissance Square, 5th Floor
White Plains, NY 10601

Via email:

ekeiter@shadowtreecapital.com

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Frank's International, L.L.C.
Attn: Chris J. Hebert
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Streamline Production Systems
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Integrated Pipe & Supply LLC
13604 Highway 69
Village Mills, TX 77663

Progressive Diesel Red
8311 Industrial Drive
Pearland, TX 77584

Core-Tech Wireline Service
805 McKesson
Longview, TX 75604

Archer Wireline
10613 W. Sam Houston Pkwy N.,
Houston, TX 77064

GROUP: THIRTY LARGEST CREDITORS

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